

ORIGINAL

INTERVENTION



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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP  
CHAIRMAN

GARY PIERCE  
COMMISSIONER

BOB BURNS  
COMMISSIONER

SUSAN BITTER SMITH  
COMMISSIONER

BRENDA BURNS  
COMMISSIONER

**IN THE MATTER OF THE ) DOCKET NO. E-04230A-14-0011**  
**APPLICATION FOR APPROVAL ) E-01933A-14-0011**  
**OF THE REORGANIZATION OF )**  
**UNS ENERGY CORPORATION ON )**  
**BEHALF OF ITSELF AND ITS ) APPLICATION OF THE ALLIANCE**  
**AFFILIATES UNISOURCE ) FOR SOLAR CHOICE (TASC) FOR**  
**ENERGY SERVICES AND TUCSON ) LEAVE TO INTERVENE**  
**ELECTRIC POWER COMPANY )**

Pursuant to A.A.C. R14-3-105, The Alliance for Solar Choice ("TASC") hereby makes its Application for Leave to Intervene (the "Application") in the above captioned proceedings (the "Proceeding"). TASC is entitled to intervene because TASC is directly and substantially affected by the Proceeding and TASC's intervention will not unduly broaden the issues presented. Additionally, TASC's intervention will assist the Commission to consider how the proposed reorganization will affect the public interest. In support of this Application, TASC submits the following information.

**I. The Proceeding & Its Current Parties**

On January 10, 2014, UNS Energy Corporation ("UNS Energy") and Fortis Inc. ("Fortis") filed a Joint Notice of Intent to Reorganize ("Notice of Intent") pursuant to A.A.C. R14-2-803. Fortis is a Canadian energy company. UNS Energy is an Arizona Corporation. It is

1 a holding company for UniSource Energy Services and Tucson Electric Power. It also owns all  
2 of the issued and outstanding common stock of UNS Electric, Inc. and UNS Gas, Inc. These  
3 UNS Energy entities are collectively referred to as the "Arizona Utilities."

## 4 5 **II. TASC**

6 TASC is a solar energy advocacy association. TASC advocates for successful solar  
7 policies including distributed generation ("DG") and retail net metering ("NEM"). DG is the  
8 generation of electric power at the point of consumption. NEM provides fair credit to residents,  
9 businesses, schools and other public agencies when their solar systems export excess energy to  
10 the grid.

11 TASC's membership represents the majority of the nation's rooftop solar market and  
12 includes SolarCity, Sungevity, Sunrun, Verengo, REC Solar, and Solar Universe. These  
13 companies are important stakeholders in Arizona's DG industry and NEM programs.  
14 Additionally, TASC's members are responsible for thousands of residential, school, church,  
15 government and commercial solar installation in the State. Together, TASC's members have  
16 brought hundreds of jobs and many tens of millions of dollars of investment to Arizona's cities  
17 and towns.

## 18 19 **III. TASC is Directly and Substantially Affected**

20 In describing and justifying their proposed reorganization, UNS Energy and Fortis argue  
21 that consolidation of their financial resources will help them to address seven "significant  
22 issues." Specifically, the Notice of Intent states:

23  
24 Arizona Utilities must address significant issues including: (i) sales growth... as  
25 demand is reduced by improvements in energy efficiency and increased distributed  
26 generation [DG]; (ii) the need to balance generation portfolios with purchases of  
27 generation; (iii) impacts of existing and anticipated environmental regulations... (iv)  
28 innovations in the nature and delivery of electricity service [NEM]; (v) integration of

distributed generation [DG] resources into the utility grid; (vi) increased cyber-security requirements; and (vii) investing to... deliver increased renewable energy to customers.

Of these seven issues, six are directly related to TASC and its members. As an organization that promotes solar DG and is composed of members who finance and install solar DG, TASC will be substantially and directly affected by any public energy company reorganization focused on addressing use, purchase, delivery, integration, and investment into DG and environmentally friendly energy generally.

In addition to identifying these “significant issues,” UNS Energy and its affiliates submitted the prepared testimony of Paul J. Bonavia, the Chairman and CEO of UNS Energy. This testimony specifically identifies “the increasing use of distributed generation [DG] systems” as a challenge to Arizona Utilities. *See, Direct Testimony of Paul J. Bonavia at page 3, lines 1-4.* Mr. Bonavia further opined that Arizona Utilities would require “increasing capital investments” to address the “costs to integrate increasing levels of DG, energy efficiency and other new energy technologies into their systems.” *Id.* at page 4, lines 11-12. He goes on to state that “Arizona Utilities face the prospect of future revenue losses due to energy efficiency improvements and customers’ increasing use of DG systems, including solar arrays...” and that “[t]hese losses will be compounded by the cost of integrating such technologies into the utility infrastructure through bulk energy storage and other so called smart-grid enhancements.” *Id.* at page 4, lines 22-25 and page 5, lines 1-2.

Based on the above, it is clear that a significant purpose of the proposed reorganization is to address the use of DG systems, including solar arrays, in order to minimize alleged costs to the utilities – or at least maximize their profits. TASC is concerned that the reorganization may presage a move to stop the uptake of rooftop solar energy, significantly hinder the ability of DG solar energy to compete in the marketplace, or to try and use the presence of DG solar as a basis to justify unwarranted investment in utility plant. Even a minor policy change in this area – because it is necessarily aimed at TASC’s core membership and their customer base – would directly and substantially affect TASC. TASC’s ability to achieve its core mission by promoting

1 investment in solar energy is highly dependent upon how DG is treated by major utilities and this  
2 Commission. The smallest change to the retail energy rate itself or any policies directly aimed at  
3 DG can have significant impacts on TASC and its members.

4 Additionally, the proposed reorganization expressly contemplates addressing the  
5 “challenge” of DG by substantially changing the management and structure of UNS Energy and  
6 Arizona Utilities. Any change to the management of Arizona’s utilities – especially one directed  
7 at addressing DG – will bring uncertainty to TASC’s membership. It may result in a utilities  
8 market that is outright hostile to DG and TASC’s core mission. TASC is entitled to intervene.

#### 10 **IV. TASC’s Intervention Will Assist the Commission**

11 Article 15, § 3 of the Arizona Constitution imposes an overarching obligation on the  
12 Commission to consider the broad public interest. More narrowly, A.A.C. R14-2-803 requires  
13 the Commission to determine whether a proposed reorganization will “impair the ability of the  
14 public utility to provide safe, reasonable and adequate service.”

15 TASC is uniquely well positioned to offer insight. TASC advocates for the safe and  
16 reasonable use of clean solar energy. Its members sell and finance solar DG equipment to the  
17 public at large.

18 TASC’s experts regarding DG and NEM can assist the Commission to explore the ability  
19 of the reorganized entity to integrate those technologies into its grid. Moreover, TASC can assist  
20 the Commission to determine whether any reluctance to integrate solar DG stems from ignorance  
21 in the ranks of the proposed new management.

22 TASC can help contextualize the claims made by UNS Energy and Fortis that solar DG is  
23 a challenge that requires additional utility investment. TASC can bring perspective to  
24 proceedings by questioning the motivation for these claims, whether they are based in fact and  
25 legitimate concern for the public’s interest or a desire to maximize industry profits at the cost of  
26 that interest.

Granting TASC intervenor status will not delay this proceeding, unduly broaden the issues, or prejudice other parties to the Docket. TASC is interested only in exactly the same “significant issues” that UNS Energy and Fortis identified in their Notice of Intent and referenced in the testimony of Paul Bonavia.

Service of all documents or pleadings should be made to TASC counsel at the following address:

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Respectfully submitted this 1<sup>st</sup> day of April, 2014.

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Attorney for TASC

Original and 13 copies filed on  
this 1st day of April, 2014 with:

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